

SENATE FINANCE COMMITTEE
April 26, 2021
9:02 a.m.

[9:02:24 AM](#)

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Erin Shine, Staff, Senator Click Bishop; Paloma Harbour, Fiscal Management Practices Analyst, Office of Management and Budget, Office of the Governor.

SUMMARY

SB 64 SHELLFISH PROJECTS; HATCHERIES; FEES

CSSB 64(FIN) was REPORTED out of committee with "no recommendation" and with previously published fiscal notes: FN1(DFG); FN2(DFG); and FN4(REV).

SB 128 APPROP: SPECIAL; AMERICAN RESCUE PLAN ACT

SB 128 was HEARD and HELD in committee for further consideration.

#sb64

SENATE BILL NO. 64

"An Act relating to management of enhanced stocks of shellfish; authorizing certain nonprofit organizations to engage in shellfish enhancement projects; relating to application fees for salmon hatchery permits and shellfish enhancement project permits; allowing the Alaska Seafood Marketing Institute to market aquatic farm products; and providing for an effective date."

[9:03:21 AM](#)

Senator Hoffman MOVED to ADOPT the committee substitute for SB 64, Work Draft 32-LS-0421\B (Bullard, 4/22/21).

Co-Chair Bishop OBJECTED for discussion.

[9:03:40 AM](#)

ERIN SHINE, STAFF, SENATOR CLICK BISHOP, discussed the committee substitute. She stated that the committee substitute deleted Section 7 through 10 from Version A, therefore removing the promotion of aquatic farm products from the purview of the Alaska Seafood Marketing Institute (ASMI).

Co-Chair Bishop REMOVED their OBJECTION. There being NO OBJECTION, it was so ordered.

Senator Wilson discussed the fiscal notes. He noted that Fiscal Note 3 would not move with the bill.

Senator Hoffman MOVED to REPORT CSSB 64(FIN) out of committee with individual recommendations and attached fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 64(FIN) was REPORTED out of committee with "no recommendation" and with previously published fiscal notes: FN1(DFG); FN2(DFG); and FN4(REV).

[9:06:35 AM](#)

AT EASE

[9:07:36 AM](#)

RECONVENED

Co-Chair Bishop handed the gavel to Co-Chair Stedman.

#sb128

SENATE BILL NO. 128

"An Act making special appropriations relating to the American Rescue Plan Act; and providing for an effective date."

9:09:33 AM

PALOMA HARBOUR, FISCAL MANAGEMENT PRACTICES ANALYST, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, discussed the presentation, "Senate Finance SB 128 ARP Budget Bill Overview" (copy on file).

Senator Wielechowski wondered whether the committee had any discretion on the first several pages of items.

Ms. Harbour replied that once the funding was accepted, the funds must be administered according to the prescription outlined from the federal government.

Senator Wielechowski wanted to know where specifically the legislature had spending discretion.

Ms. Harbour looked at slide 2, "American Rescue Plan (ARP) -State Agency Program Specific Grants":

Education and Early Development -included in the bill

- Institute of Museum and Library Services Funds \$2.2 million
- National Endowment for the Arts Funding \$758.7 thousand (estimate)

Education and Early Development -not included in the bill

- Emergency Education Relief Funds -awaiting state maintenance of effort guidance; received 4/19 and currently under evaluation
- Child Nutrition Program -awaiting funding and program information

Environmental Conservation -not included in the bill

- Low Income Household Water Assistance Program Funds -awaiting funding and program information

Health and Social Services -included in the bill

- CDC Funding for COVID-19 Testing (primarily school and underprivileged testing) \$22.0 million
- CDC Funding for COVID-19 Vaccinations \$32.4 million
- ACF Funding for Pandemic Emergency Assistance \$3.4 million

[9:15:33 AM](#)

Senator von Imhof looked at the first bullet in the slide. She wondered whether the money would be spread over four years, or for each year.

Ms. Harbour replied that the money would be a multi-year appropriation spread over the years.

Senator von Imhof wondered whether there was a prescription of how the money was allocated.

Ms. Harbour responded that there would be a determination program by program to determine how the money could be spent.

Senator von Imhof wondered whether the money would be a designated fund.

Ms. Harbour replied that it would probably be federal appropriation in the Department of Education and Early Development (DEED), and then reimbursed by the federal government.

Co-Chair Stedman surmised that the appropriations could be done over time.

Ms. Harbour replied that there were timelines for distributing the grants.

Co-Chair Stedman queried the flexibility of the committee.

Ms. Harbour replied that she was fairly certain that the appropriation needed to be made for multiple years in year one.

Senator von Imhof wondered why there were different years designated in the bill.

Ms. Harbour replied that it was in order for the grant recipients to know the timeframe to spend the money.

[9:20:17 AM](#)

Co-Chair Bishop wondered if the Child Nutrition was intended to provide meals to children throughout the summer.

Ms. Harbour replied in the affirmative.

Senator Wielechowski asked about the meeting with the federal government related to the maintenance of effort (MOE).

Ms. Harbour replied in the affirmative, and explained that the federal government gave a walk through of the guidance about how to calculate the MOE. She shared that the state could seek a waiver if the MOE could not be met.

Co-Chair Stedman remarked that OMB would come to discuss the issue.

Senator von Imhof wondered whether the remaining \$1 billion would be included in the bill.

Ms. Harbour replied in the affirmative, and stated that it was the presentation.

Senator von Imhof wondered whether the legislature could allocate the funds for the districts.

Ms. Harbour replied in the negative. She stated that the federal grant specified that it must be distributed in accordance with the federal formula.

Senator von Imhof noted that there was \$45 million for Child Stabilization Grants, and wondered whether the legislature could direct the \$45 million or the department.

Ms. Harbour replied that the department would determine the direction of the funds based on the guidance from the federal government.

Senator von Imhof asked whether the discussion was related to the \$1.19 billion.

Ms. Harbour stated that it was the second to last slide of her presentation.

[9:25:03 AM](#)

Senator von Imhof disagreed, and felt that the slides had mixed money that the legislature could determine allocation and money that the legislature could not determine allocation.

Ms. Harbour replied that the legislature appropriated the federal receipt authority for all the funding in all of the buckets. She explained that she was addressed the details of the "buckets", such as the Childcare Stabilization funding.

Co-Chair Stedman explained that there was approximately \$2 billion, and shared the details of how the legislature could utilize those funds.

Senator Wilson wondered whether the full guidance would be provided on May 10.

Ms. Harbour replied in the affirmative.

Senator Wilson queried the probability of a change to the current guidance.

Ms. Harbour replied that it was constantly changing, and hoped that it would simply be additions to the appropriations list.

[9:30:10 AM](#)

Senator von Imhof asked for a specification of whether each item was part of a direct grant to the department or whether it was a discretionary item.

Senator Hoffman looked at the last category on the slide, and remarked that the first bullet related to \$22 million for testing, and noted that it said, "underprivileged testing." He asked for that definition.

Ms. Harbour clarified that it should read "underserved populations." She explained that it was fairly broad, and hoped for more of a definition from the federal government.

Senator Hoffman asked if "underserved" referred to testing only. He wondered why there was so much money for testing, but only \$10 million for vaccinations.

Ms. Harbour replied that the allocations were in ARP. The \$22 million for testing was to help schools reopen and scale up testing in underserved populations. She stated that the additional money for COVID vaccinations was \$32.4 million.

Ms. Harbour pointed to slide 3, "ARP -State Agency Program Specific Grants continued":

Health and Social Services -included in the bill
(continued)

- WIC Benefit Improvements \$1.2 million (estimate)
- Child Care Development Fund Grants \$28.4 million (estimate)
- Child Care Stabilization Grants \$45.5 million (estimate)
- Child Abuse Prevention Funding \$291.0 thousand (estimate)
- Mental Health Block Grant Funding \$3.0 million (estimate)
- Substance Abuse Block Grant Funding \$4.7 million (estimate)
- LIHEAP Program Funding \$23.7 million (estimate)
- Supporting Older Americans and their Families Funding \$7.0 million (estimate)
- Pandemic EBT Administrative Grant \$768.4 thousand (estimate)

Health and Social Services -not included in the bill

- Child Care Assistance -awaiting state match requirement guidance
- Home and Community-Based Services Enhanced Federal Participation -awaiting state match requirement guidance
- Supplemental Nutrition Assistance Program Administrative Grant Increase -awaiting funding and program information

Senator Hoffman wondered whether the \$300,000 for Child Abuse Prevention funding was required under a formula.

Ms. Harbour deferred to Department of Health and Social Services (DHSS).

[9:35:53 AM](#)

Co-Chair Stedman stressed that the presentation in the meeting was intended as an introduction. He stated that there may be an attempt to breakdown each section and subject in future meetings.

Co-Chair Bishop asked about the general fund match.

Ms. Harbour replied that she could not detail general fund match.

Ms. Harbour addressed slide 4, "ARP -State Agency Program Specific Grants continued":

Labor and Workforce Development -included in the bill

- Higher Education Emergency Relief Funds to AVTEC \$441.0 thousand (estimate)
- Unemployment Insurance System Modernization Funds \$6.0 million (estimate)

Military and Veterans Affairs -included in the bill

- Emergency Management Grant \$882.3 thousand (estimate)

Revenue -not included in the bill

- Alaska Housing Finance Corporation (AHFC) Grants-previously submitted as amendments

Transportation and Public Facilities -included in the bill

- Federal Transit Administration Grants \$6.6 million

Transportation and Public Facilities -not included in the bill

- Federal Aviation Administration Airport Grants - awaiting funding and program information

University of Alaska -included in the bill

- Higher Education Emergency Relief Funds to UA \$30.8 million (estimate)

[9:40:19 AM](#)

Ms. Harbour looked at slide 5, "ARP -Coronavirus State and Local Fiscal Relief Fund (CSLFRF)":

Capital Projects Funding \$112.3 million

- This is a placeholder appropriation included in the Governor's ARP package to be refined as further guidance is made available, anticipated by May 10th.
- Act states, "to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID-19)."
- Use of these funds require application to the Treasury for specific projects.
- Initial indications that Treasury may limit this to broadband projects.

Commerce -Community Pass-Thru Funding \$185.4 million (estimate)

- Grants to Alaska communities defined as "non-entitlement local governments and counties" that will pass through Commerce
- Funding is based on a formula established in the Act and clarified by Treasury, anticipated by May 10th.

Co-Chair Stedman queried the definition of a "non-entitlement local government and counties."

Ms. Harbour replied that the U.S. Senate provided initial estimates for allocations for those entities. She stated that the list was comprised of cities.

Co-Chair Stedman surmised that it was a pre-described list.

Ms. Harbour agreed.

Co-Chair Stedman surmised that the committee must wait for guidance before appropriation.

Ms. Harbour agreed.

Co-Chair Bishop recommended a timeline for turnaround of the grant money.

Senator Olson asked about the unorganized boroughs of the state.

Ms. Harbour replied that the census areas were also included in the list.

Senator von Imhof wondered whether the \$185 million had any direction allowance for the legislature.

Ms. Harbour replied that the funding would be allocated directly to communities based on a formula set out by the federal government.

[9:45:20 AM](#)

Senator von Imhof queried the specific sections of the bill.

Ms. Harbour replied that Section 2 was the funding for local communities and Section 1(h) was the capital funding.

Senator von Imhof asked that in the future the sections be included in the presentation.

Ms. Harbour highlighted slide 6, "ARP CSLFRF State Funding Uses and Restrictions":

The American Rescue Plan specified that these funds can be used to cover expenses –

A. to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts;

B. to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers performing such essential work;

C. for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year; and

D. to make necessary investments in water, sewer, or broadband infrastructure.

Restrictions include–

A. direct or indirect offsets to a reduction in net tax revenue resulting from changing law,

regulation, or administrative interpretation during the covered period that reduces or delays the imposition of any tax or tax increase;
B. deposits into any pension fund.

Senator Wielechowski queried the guidance on water and sewer infrastructure.

Ms. Harbour replied that she did not have any specifics.

Ms. Harbour pointed to slide 7, "ARP CSLFRF State Funding Categories."

Senator Wielechowski asked for explanation of the use of funds.

Ms. Harbour replied that there was a hope to better define the use of funding after the federal guidance.

Co-Chair Stedman queried the flexibility of the committee.

Ms. Harbour replied that the funding was available through December 2024, so there was some flexibility to determine the use of funding over that timeframe.

Senator Hoffman stated that his question had been answered.

Senator von Imhof wondered who would be the manager of the money.

Ms. Harbour replied that those questions would be answered with the development of the program.

[9:55:55 AM](#)

Co-Chair Stedman remarked that there would be discussions related to the timing to minimize errors in structure and targeted areas of the economy.

Senator von Imhof hoped that there was work with the banks to determine a targeted approach.

Co-Chair Bishop wondered whether the \$112 million for broadband was imbedded in the other number.

Ms. Harbour replied in the negative and explained that the federal government outlined that use for infrastructure.

Co-Chair Bishop surmised that the two areas addressing broadband had one as descriptive and one as optional.

Ms. Harbour agreed.

Ms. Harbour looked at slide 8, "ARP CSLFRF Special Provisions":

General Fund Offset –Section 1 (f), (g), and (i)

- (f) and (i) offset \$120 million in UGF expenditures with ARP funds in FY21 allowing for deposit to the general fund or CBR.
 - Structured as unallocated budget items, allocation will be made based on allow ability criteria from the Federal Treasury.
 - Federal fund increase will be offset by general fund decrease in the same budget line items to ensure no net change to program funding.
- (g) offsets \$19.3 million in DGF or other restricted fund expenditures with ARP funds over FY21-FY24.
- Priority will be given to areas with significant fund balance issues caused by COVID.

Disallowed Appropriation Backfill Language –Section 9

- Utilizes the general fund offset concept to ensure that a program, if found unallowable, can continue without interruption.

[10:01:03 AM](#)

Co-Chair Stedman queried the safety parameters.

Ms. Harbour replied that the legislature had the flexibility in how the funding may be spent.

Co-Chair Stedman remarked that it was abnormal to give so much flexibility.

Ms. Harbour agreed, and explained that the appropriation was strictly for FY 21.

[10:06:44 AM](#)

Senator Hoffman asked for the document that Ms. Harbour was referring.

Ms. Harbour agreed to provide that information.

Co-Chair Stedman stated that there would be discussions about how to handle the \$1.019 billion.

Co-Chair Stedman discussed the following day's meeting's agenda.

SB 128 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

10:15:12 AM

The meeting was adjourned at 10:15 a.m.